



**Second Quarter 2022**  
**Condensed Consolidated Interim Financial Statements**  
**30 June 2022**

(Expressed in Canadian Dollars)

(Unaudited)

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of New Zealand Energy Corp. (“the Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for the review of condensed consolidated interim financial statements by an entity’s auditor.

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**  
(Expressed in Canadian Dollars)

	Notes	30 June 2022 \$	31 December 2021 \$
<b>Assets</b>			
<i>Current</i>			
Cash	3	243,930	463,272
Accounts and other receivables	4	2,473,404	1,507,720
Prepaid expenses		100,094	100,630
Inventories	5	656,427	619,832
<i>Total current assets</i>		<b>3,473,855</b>	<b>2,691,454</b>
<i>Non-Current</i>			
Inventories	5	230,288	247,008
Property, plant and equipment	6	10,534,274	11,901,903
Intangible Assets	7	141,796	154,859
<i>Total non-current assets</i>		<b>10,906,358</b>	<b>12,303,770</b>
<i>Total assets</i>		<b>14,380,213</b>	<b>14,995,224</b>
<b>Liabilities</b>			
<i>Current</i>			
Trade and other Payables	9	2,926,624	2,166,321
Convertible Loan	10	2,186,874	2,087,696
Asset retirement obligation	8	-	-
<i>Total current liabilities</i>		<b>5,113,498</b>	<b>4,254,017</b>
<i>Non-Current</i>			
Asset retirement obligations	8	7,721,394	9,129,665
<i>Total liabilities</i>		<b>12,834,892</b>	<b>13,383,682</b>
<b>Shareholders' equity</b>			
Share capital	11	109,738,706	109,738,706
Accumulated deficit		(108,193,385)	(108,127,164)
<i>Total shareholders' equity</i>		<b>1,545,321</b>	<b>1,611,542</b>
<i>Total liabilities and shareholders' equity</i>		<b>14,380,213</b>	<b>14,995,224</b>

Description of business and going concern (Note 1)

These unaudited condensed consolidated financial statements are authorized for issuance by the Board of Directors on 29 August 2022.

**On behalf of the Board of Directors**

"James Willis"  
James Willis, Director

"Mark Dunphy"  
Mark Dunphy, Director

See accompanying notes to the unaudited condensed consolidated financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**As at 30 June 2022 and 2021**  
(Expressed in Canadian Dollars)

		Number of shares	Share Capital	Share based payments reserve (options)	Share based payments reserve (warrants)	Foreign currency translation reserve	Accumulated deficit	Total equity
<b>Balance, 1 January 2021</b>		232,123,459	109,738,706	21,289,710	1,349,289	12,133,939	(141,907,094)	2,604,550
Net loss for the period		-	-	-	-	-	(12,719)	(12,719)
Share Consolidation	11	(208,911,113)	-	-	-	-	-	-
Other comprehensive income for the period		-	-	-	-	(230,418)	-	(230,418)
<b>Balance, 30 June 2021</b>		<b>23,212,346</b>	<b>109,738,706</b>	<b>21,289,710</b>	<b>1,349,289</b>	<b>11,903,521</b>	<b>(141,919,813)</b>	<b>2,361,413</b>
<b>Balance, 1 January 2022</b>		23,212,346	109,738,706	21,289,710	1,349,289	11,892,001	(142,658,164)	1,611,542
Net loss for the period		-	-	-	-	-	222,163	222,163
Other comprehensive income for the period		-	-	-	-	(288,384)	-	(288,384)
<b>Balance, 30 June 2022</b>		<b>23,212,346</b>	<b>109,738,706</b>	<b>21,289,710</b>	<b>1,349,289</b>	<b>11,603,617</b>	<b>(142,436,001)</b>	<b>1,545,321</b>

See accompanying notes to the unaudited condensed consolidated financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS**  
**For the six month periods ended 30 June 2022 and 2021**  
(Expressed in Canadian Dollars)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022 \$	2021 \$	2022 \$	2021 \$
<b>Revenues</b>					
Revenue	12	1,751,568	991,869	2,548,270	2,515,360
Royalties		(70,624)	(34,832)	(96,292)	(79,717)
		<u>1,680,944</u>	<u>957,037</u>	<u>2,451,978</u>	<u>2,435,643</u>
<b>Expenses and other items</b>					
Production costs		668,845	162,211	767,710	540,518
Purchased oil	10	-	216,639	-	623,159
Processing costs		192,609	192,629	425,401	371,837
Depreciation and depletion	6,7	114,503	131,029	234,472	303,026
General and administrative	13	461,546	378,117	795,102	888,566
Finance expense		116,626	46,173	224,735	81,435
Foreign exchange (gain)/loss		(18,722)	11,681	(2,181)	(9,994)
Oil valuation on Inventory held (gain)/loss		-	(79,947)	-	(70,803)
Inventory write-down		-	-	-	-
Abandonment provision movement		(197,530)	(248,782)	(215,424)	(279,382)
		<u>1,337,877</u>	<u>809,750</u>	<u>2,229,815</u>	<u>2,448,362</u>
<b>Net Profit/(loss)</b>		<b>343,067</b>	<b>147,287</b>	<b>222,163</b>	<b>(12,719)</b>
<b>Other comprehensive loss:</b>					
Exchange difference on translation of foreign currency (i)		(310,284)	(30,162)	(288,384)	(230,418)
<b>Total comprehensive income/(loss)</b>		<b>32,783</b>	<b>117,125</b>	<b>(66,221)</b>	<b>(243,137)</b>
Basic and diluted loss per share		\$ 0.001	\$ 0.005	\$ (0.03)	\$ (0.02)
Weighted average shares outstanding		23,212,346	23,212,346	23,212,346	23,212,346

(i) Exchange difference on translation of foreign currency may be subsequently reclassified to profit or loss.

See accompanying notes to the unaudited condensed consolidated interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the six month periods ended 30 June 2022 and 2021**  
(Expressed in Canadian Dollars)

	Notes	Six months ended 30 June	
		2022 \$	2021 \$
<b>Operating activities</b>			
Net Profit/(loss) for the period		222,163	(12,719)
<i>Changes for non-cash operating items</i>			
Depreciation and depletion		234,472	316,053
Accretion and accrued interest		224,735	81,435
Abandonment provision movement		(215,424)	(279,382)
Foreign exchange (gain) / loss		(2,181)	(9,994)
Abandonment provision reversal		-	-
<i>Change in working capital items</i>			
Accounts and other receivables		(965,839)	(777,338)
Prepaid expenses		529	83,102
Inventories		(19,930)	71,435
Accounts payable and accrued liabilities		760,038	1,669,965
<b>Cash provided by (used in) operating activities</b>		<b>238,563</b>	<b>1,142,557</b>
<b>Investing activities</b>			
Purchase of oil and gas properties		(207,925)	(1,525,113)
Purchase of property, plant and equipment		(208,775)	(268,125)
<b>Cash provided by (used in) investing activities</b>		<b>(416,700)</b>	<b>(1,793,238)</b>
<b>Financing activities</b>			
<b>Cash provided by (used in) financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash</b>		<b>(178,137)</b>	<b>(650,681)</b>
Effect of exchange rate changes on cash		(41,205)	(84,083)
Cash, beginning of the period		463,272	1,020,085
<b>Cash and equivalents, end of the period</b>	3	<b>243,930</b>	<b>285,321</b>

See accompanying notes to the unaudited condensed consolidated interim financial statements.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 30 June 2021

(Expressed in Canadian Dollars)

### 1. DESCRIPTION OF BUSINESS AND GOING CONCERN

New Zealand Energy Corp. (the "Company") commenced operations on 19 April 2010 through wholly-owned subsidiary, East Coast Energy Ventures Limited. The Company was subsequently incorporated on 29 October 2010 under the name 0894134 B.C. Ltd. Pursuant to the *Business Corporation Act* (British Columbia). On 10 November 2010, 0894134 B.C. Ltd. Changed its name to New Zealand Energy Corp.

The Company, through its subsidiaries, is engaged in the exploration, appraisal, development and production of oil and natural gas, as well as the operation of midstream assets, in New Zealand.

The Company's registered and records office is located at Suite 2800, Park Place, 666 Burrard St, Vancouver BC V6C 2Z7. The Company's principal place of business is 14 Connett Road, New Plymouth, New Zealand 4312.

The Company's shares are listed on the TSX Venture Exchange under the symbol "NZ".

#### Going Concern

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. Material uncertainty exists related to certain conditions that may cast significant doubt on the validity of this assumption. For the six months ended 30 June 2021, the Group reported a Net Loss of \$222,163 (2021: Loss \$(12,719)) and a cash inflow from operating activities of \$238,563 (2021: Outflow \$(989,081)). The Group has working capital (total current assets, less total current liabilities) of \$(1,639,643) (2021: \$(507,648)). The deficit includes a liability of \$2,186,874 falling due in November 2022 which is expected to be repaid by way of a capital raise. In addition, the Group also has several permit expenditure plans (Note 17) which are associated with the Group's interest in its oil and gas properties and exploration and evaluation assets which requires expenditure to fulfil specified work programmes – as explained in Note 17 the group has some flexibility in the timing of the required expenditure and would seek to defer costs where funding is not available.

The Group continues to pursue a number of options to improve its financial capacity, including cash flow from oil and gas production, commercial arrangements and other financing alternatives which may involve obtaining additional debt or equity. The data collected from the completed 71 km<sup>2</sup> high-resolution 3D seismic over the Tariki structure has been sent for processing. The Group has completed preliminary analysis and interpretation of the data which suggests the overthrust Tariki structure is an excellent candidate for a gas storage project.

The Group is advancing plans to initiate a gas storage project and discussions with a storage counterparty are progressing. The potential for additional hydrocarbons within the Tariki complex is also being evaluated. The Group intends to fund its commitment to these projects, and to repay the convertible note debt of \$2,000,000 plus accumulated interest by raising additional capital. The directors have some confidence of support in respect of raising further capital.

The Group's ability to continue as a going concern is reliant at this time upon its ability to refinance the convertible note facility. Other factors affecting cash expenditure include deferral of expenditure on permits if necessary and generating budgeted cash flows from operations which are reliant on achieving planned production levels and forecast oil prices, all of which are uncertain. All of these factors are considered material uncertainties with respect to the Directors' assessment in respect of the ability of NZEC to operate as a going concern.

These consolidated financial statements do not reflect adjustments to the carrying values of the assets and liabilities, the reported revenues and expenses and the balance sheet classifications used that would be necessary if the Group were not a going concern and therefore was unable to realize its assets and settle its liabilities in the normal course of operations. Such adjustments could be material

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies specific to certain balances are described within the detailed note in the sections below.

General accounting policies adhered to in these financial statements are as follows:

#### Basis of Preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS as issued by the IASB and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 June 2021**

(Expressed in Canadian Dollars)

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The Company has used the same accounting policies and methods of computation as in the audited annual consolidated financial statements for the year ended 31 December 2021.

**3. CASH AND CASH EQUIVALENTS AND REVOLVING CREDIT FACILITY**

	<b>30 June 2022</b>	<b>31 December 2021</b>
	\$	\$
Cash and cash equivalents	<b>243,930</b>	463,272

**4. ACCOUNTS AND OTHER RECEIVABLES**

	<b>30 June 2022</b>	<b>31 December 2021</b>
	\$	\$
Trade receivables	2,473,404	1,507,720
Total Current Accounts and other receivables	<b>2,473,404</b>	1,507,720

**5. INVENTORIES**

	<b>30 June 2022</b>	<b>31 December 2021</b>
	\$	\$
<b>Current</b>		
Material and supplies	170,520	182,860
Oil inventories	485,907	436,972
	<b>656,427</b>	619,832
<b>Non Current</b>		
Non-current material and supplies	449,995	496,127
Less write down provision to NRV	(219,707)	(249,119)
	<b>230,288</b>	<b>247,008</b>
<b>Write down Provision to NRV non-current material and supplies</b>		
Opening Balance	(249,119)	(878,130)
Movement in provision recognised as expense	29,412	28,204
Provision reversed on material and supplies sold	-	600,807
Closing Balance	<b>(219,707)</b>	(249,119)



**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 June 2021**

(Expressed in Canadian Dollars)

**6. PROPERTY, PLANT AND EQUIPMENT**

	Furniture and fixture \$	Land and building \$	Plant and equipment \$	Oil and gas properties \$	Total \$
<b>Cost</b>					
<b>Balance, 1 January 2021</b>	346,235	1,402,370	2,792,571	25,073,836	29,615,012
Additions	-	-	530,053	2,229,178	2,759,231
Disposals	-	-	-	-	-
Change in asset retirement cost due to change in estimate	-	-	152,925	(53,434)	99,491
Foreign currency translation adjustment	(19,093)	(77,334)	(162,805)	(1,468,467)	(1,727,699)
<b>Balance, 31 December 2021</b>	<b>327,142</b>	<b>1,325,036</b>	<b>3,312,744</b>	<b>25,781,113</b>	<b>30,746,035</b>
Additions	-	-	208,775	207,925	416,700
Disposal	(250,143)	-	(504,307)	-	(754,720)
Change in asset retirement cost due to change in estimate	-	-	(185,562)	(436,819)	(622,381)
Foreign currency translation adjustment	(15,360)	(105,421)	(241,260)	(2,043,236)	(2,405,277)
<b>Balance, 30 June 2022</b>	<b>61,369</b>	<b>1,219,615</b>	<b>2,590,390</b>	<b>23,508,983</b>	<b>27,380,357</b>

	Furniture and fixture \$	Land and building \$	Plant and equipment \$	Oil and gas properties \$	Total \$
<b>Accumulated depreciation</b>					
<b>Balance, 1 January 2021</b>	260,868	-	1,895,363	17,129,476	19,285,707
Depreciation and depletion	11,528	-	178,916	413,788	604,232
Disposals	-	-	-	-	-
Foreign currency translation adjustment	(14,580)	-	(107,537)	(923,690)	(1,045,807)
<b>Balance, 31 December 2021</b>	<b>257,816</b>	<b>-</b>	<b>1,966,742</b>	<b>16,619,574</b>	<b>18,844,132</b>
Depreciation and depletion	2,827	-	109,459	122,187	234,473
Disposals	(250,413)	-	(504,307)	-	(754,720)
Foreign currency translation adjustment	(9,964)	-	(140,361)	(1,321,747)	(1,477,802)
<b>Balance, 30 June 2022</b>	<b>266</b>	<b>-</b>	<b>1,431,533</b>	<b>15,414,284</b>	<b>16,846,083</b>

**Net Book Value**

<b>Balance, 31 December 2021</b>	69,326	1,325,036	1,346,002	9,161,539	11,901,903
<b>Balance, 30 June 2022</b>	<b>61,103</b>	<b>1,219,615</b>	<b>1,158,857</b>	<b>8,094,699</b>	<b>10,534,274</b>

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 June 2021**

(Expressed in Canadian Dollars)

**7. INTANGIBLE ASSETS**

	<b>Intangible Assets \$</b>
<b>Cost</b>	
<b>Balance, 31 December 2021</b>	<b>156,180</b>
Additions	-
Disposals	-
Foreign currency translation adjustment	(12,426)
<b>Balance, 30 June 2022</b>	<b><u>143,754</u></b>
	<b>\$</b>
<b>Balance, 31 December 2021</b>	<b>1,321</b>
Amortisation	775
Disposals	-
Foreign currency translation adjustment	(138)
<b>Balance, 30 June 2022</b>	<b><u>1,958</u></b>
<b>Net Book Value</b>	
<b>Balance, 31 December 2021</b>	<b><u>154,859</u></b>
<b>Balance, 31 June 2022</b>	<b><u>141,796</u></b>

Intangible assets relate to the extinguishing of an overriding royalty during the 2021 year.

Intangible assets acquired separately are measured on initial recognition at costs and are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation of the intangible assets is based on the unit-of-production method by reference to the ratio of production in the year to the related total proved and probable reserves of oil and natural gas.

Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset is included in the statement of profit or loss

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 June 2021**

(Expressed in Canadian Dollars)

**8. ASSET RETIREMENT OBLIGATIONS**

The Group's asset retirement obligations are estimated based on the costs to abandon and reclaim its wells in certain licences and permits, and restoration obligations associated with the land at the Waihapa Production Station together with the estimated timing of the costs to be paid in future periods. The estimated expected life of the long-lived assets is the later of the permit life, or economic life based on proved and probable reserves.

<u>Non-Current</u>	<b>30 June 2022 \$</b>	<b>31 December 2021 \$</b>
<b>Opening Balance 1 January</b>	<b>9,129,665</b>	9,397,239
Change in estimate	(854,632)	(146,278)
Accretion expense for the year	142,381	180,114
Reclassified as current	-	217,374
Foreign currency translation adjustment	(696,020)	(518,784)
<b>Closing Balance</b>	<b>7,721,394</b>	<b>9,129,665</b>

Current

<b>Opening Balance 1 January</b>	-	230,061
Change in estimate	-	-
Reclassified from non-current	-	-
Provision reversal for completed abandonment	-	(217,374)
Foreign currency translation adjustment	-	(12,687)
<b>Closing Balance 31 December</b>	<b>-</b>	<b>-</b>

**Assumptions**

Total undiscounted value of payments	\$14,540,883	\$14,875,238
Discount rate	3.34% to 4.30%	1.76% to 3.11%
Inflation rate	3.87%	2.66%
Expected life	1 to 34 years	1 to 34 years

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>Note</b>	<b>30 June 2022 \$</b>	<b>31 December 2020 \$</b>
Trade payables		2,328,737	1,506,588
GST payable/(receivable)		101,232	45,222
Deferred Revenue		363,363	475,388
Accrued liabilities - payroll		133,292	139,123
<b>Total Current Accounts payable and accrued liabilities</b>		<b>2,926,624</b>	<b>2,166,321</b>

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 June 2021**

(Expressed in Canadian Dollars)

**10. CONVERTIBLE LOAN**

	Note	30 June 2022 \$	31 December 2021 \$
Convertible Loan		<b>2,186,874</b>	<b>2,087,696</b>

The company drew down CAD 2,000,000 under the convertible loan agreement it entered into with Arizona Finance Limited ("Arizona"). The maximum number of common shares issuable if Arizona elects to convert the entire principal amount of the loan will be 6,666,667 shares, at an exercise price of 30 cents per share. Any common shares issued to Arizona upon conversion of the principal amount under the loan agreement were subject to a hold period that expired on November 21, 2021. Interest of CAD 186,874 has been accrued. Interest at 10% per annum is payable on the loan and has been capitalised against the loan as at Dec-21. The loan is repayable on the 16 August 2022 if the loan is not converted to shares, an extension of the loan has been approved, the revised payment date is 6 November 2022. At 31 March the share price is trading significantly below the conversion price of 30c and no value has been attributed to the option for the holder to convert the debt to equity. Accordingly, the full value of the convertible note is shown as debt.

**11. SHARE CAPITAL**

Pursuant to the Company's share option plan, non-transferable options to purchase common shares must not exceed 10% of the number of then outstanding common shares, or 2,321,235 options, based on the total issued and outstanding common shares as at 30 June 2021. Such options can be exercisable for a maximum of five years from the date of grant. The exercise price of each share option is set by the Board of Directors at the time of grant but cannot be less than the market price at the time of grant. Vesting of share options is at the discretion of the Board of Directors at the time the options are granted.

No new options were granted in 2022 or 2021.

**12. REVENUE**

	Note	Three months ended 30 June		Six months ended 30 June	
		2022	2021	2022	2021
		\$	\$	\$	\$
Oil sales		1,291,906	571,186	1,754,707	1,268,864
Gas sales		6,981	15,702	17,470	32,137
Processing revenue		423,476	206,719	721,410	522,716
Interest income		-	-	-	-
Other revenue	a)	29,205	(18,377)	54,683	68,484
		<b>1,751,568</b>	<b>775,230</b>	<b>2,548,270</b>	<b>1,892,201</b>
Purchased oil sold	b)	-	216,639	-	623,159
Total Revenue		<b>1,751,568</b>	<b>991,869</b>	<b>2,548,270</b>	<b>2,515,360</b>

- a) The Group has provided services to a third party, that have been performed through a combination of work by employees and subcontracted companies. NZEC has used judgement and concluded it is the principal party, as it has the performance obligation to the customer, and has discretion in establishing pricing with the customer.
- b) The Group had an arrangement with a third party whereby the Group purchases oil, charges a processing fee and subsequently sells the oil where NZEC is the principal party. Any unsold oil is carried as inventory. This arrangement ceased at the end of 2021.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 June 2021**

(Expressed in Canadian Dollars)

**13. GENERAL AND ADMINISTRATIVE EXPENSES**

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	\$	\$	\$	\$
Professional fees	112,797	45,325	172,177	168,151
Consulting fees	2,964	7,254	35,905	49,439
Travel and promotion	1,212	912	1,859	6,397
Administrative expenses	34,859	52,182	45,353	84,476
Rent	2,743	2,226	5,221	6,680
Leases	2,547	2,822	5,232	7,315
Filing and transfer agent fees	6,495	15,455	12,231	26,350
Insurance	66,508	61,797	68,481	102,036
Salary and wages	231,421	190,144	448,643	437,722
	<b>461,546</b>	<b>378,117</b>	<b>795,102</b>	<b>888,566</b>

**14. RELATED PARTY TRANSACTIONS**

Entities associated (by virtue of there being a common director) with the Company include: Greymouth Petroleum Limited, Tiger Drilling Ltd, GMP Environmental Ltd, Greymouth Gas Taranaki Ltd, and Geoservices Ltd (a 19.82% shareholder in the Company). The following transactions and balances with these related parties are:

	Note	Three months ended 30 June		Six months ended 30 June	
		2022	2021	2022	2021
		\$	\$	\$	\$
Processing revenue		22,954	18,206	49,203	46,198
Production costs		144,122	89,148	316,990	131,800
Processing costs		12,970	(67)	40,182	3,734
Rent expense		-	-	-	-
Trade receivables		10,642	6,826	10,642	6,826
Trade payables		322,699	37,330	322,699	37,330

**Key Management and Personnel Compensation**

The key management personnel include the directors and other officers of the Company. Key management compensation consists of the following:

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021
	\$	\$	\$	\$
Salary and consulting fees	72,104	115,434	140,772	232,369

Included in the above amounts are:

Upstream Consulting Ltd (James Willis)	36,597	3,159	62,974	8,044
Arenig Energy Ltd (David Llewellyn)	3,034	3,949	6,192	6,435
2X Energy Limited (Michael Adams)	-	66,365	-	134,236

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 June 2021**

(Expressed in Canadian Dollars)

**15. SEGMENTED DISCLOSURES**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Chief Executive Officer.

The Group conducts its business as a single operating segment being the acquisition, exploration, appraisal, development and production of conventional oil and natural gas resources in New Zealand. The Group's geographic area for all assets, liabilities and revenues is New Zealand.

**16. COMMITMENTS**

As at 30 June 2022, the Group had the following undiscounted contractual obligations:

	2022 \$	2023 and onwards \$	Total \$
Contract and purchase commitments	179,000	120,000	299,000
	<u>179,000</u>	<u>120,000</u>	<u>299,000</u>

**Bank Guarantees**

Bonds provided to the Crown in respect of the Tariki, Waihapa and Ngaere petroleum mining licences are secured by bank guarantees provided by Bank of New Zealand (NZ\$375,000).

These bank guarantees are secured by way of a general security agreement over the present and after acquired assets of Taranaki Ventures Limited (TVL) with NZEC subsidiaries NZEC Holdings Limited, NZEC Tariki Limited, NZEC Waihapa Limited and NZEC Management Limited guaranteeing the obligations of TVL under the facility.

**17. PERMIT EXPENDITURE PLANS**

The Group undertakes oil and gas production, development and exploration activities and has plans to complete certain exploration activities. Certain permits and licences held by the Group require various work obligations to be performed in order to maintain the permits or licences in good standing. The Group and, where relevant, its co-venturers in a permit, may apply to alter the exploration programs, request extensions, reject development costs, relinquish certain permits or farm out an interest in permits. The permit expenditure plans include those required to maintain its permits in good standing during the current permit term, prior to the Group committing to the next stage of the permit term, where additional expenditure would be required.

Maintaining the permits in good standing during the permit term is based on the fulfilment of the work program and is not based on a specific expenditure level. The anticipated cost of the works planned are set out below and relate to the following permits/licences (in the Taranaki Basin):

Permit/Licence	Note	Type	2022 \$	2023 onwards \$	Total \$
Eltham Permit	i	Exploration	-	140,000	140,000
Tariki Licence	ii	Producing	200,000	-	200,000
Waihapa Ngaere Licence	iii	Producing	10,000	10,000	20,000
			<u>210,000</u>	<u>150,000</u>	<u>360,000</u>

- i. Eltham: Evaluate and implement artificial lift.
- ii. Tariki: Processing and Interpretation.
- iii. Waihapa Ngaere: 2022 studies, 2023 updated field development

**18. SUBSEQUENT EVENTS**

There have been no subsequent events.